

banks as well as transactions in actual currency. Financial transactions are expressed in terms of currency but they do not represent actual notes. The amount of currency in circulation in any given month is less than eleven per cent of the aggregate of the financial transactions passing in that month. It is true that the real value of banking transactions is affected by the trend of commodity values but other factors are operative. For the purposes of this legislation it was a practical necessity to have one scale for all transactions but it does not necessarily follow that the scale is a just one for transactions outside the Ordinance. It was founded partly on the trend of commodity prices and partly on these other factors and it is probable that political considerations also were taken into account.

I fully appreciate that there was no stipulation in this contract that the money was to be used for buying commodities. Lee was at liberty to pay off any overdraft he might have with one of the operating banks, or any other debt, if he so wished. Therefore a re-valuation based solely on commodity prices at the date of the loan may not be even theoretically correct, quite apart from the obvious practical difficulty of selecting a range of commodities and ascertaining their average local prices during the two months in question. Nevertheless I am of opinion that as the scale is not legally applicable and probably not a close approximation to the relevant truth, the only safe course is to direct an enquiry as to the value of the Japanese money at the time that it was lent and I do not think this can be estimated except with reference to commodity prices at that time.

Such an enquiry would have been necessary in a very large number of cases, had there been no scale, and since the scale is inapplicable it seems to me proper in this slightly unusual case.

It is possible that the result of the enquiry will be to yield a smaller sum than \$900 but I think it more probable that it will yield a somewhat larger sum. As the difference is in any event likely to be small in proportion to the costs of the enquiry, the parties would be well advised to see first what evidence they can adduce as to relevant prices and then to consider whether a compromise could even now be arranged. Failing a settlement the enquiry must proceed and the parties, or the Registrar, may if necessary, apply in Chambers for directions.

I reserved the question of costs for consideration after the result of the enquiry is known.

Order accordingly.

**RAUF BIN HAJI AHMAD
v.
PUBLIC PROSECUTOR.**

[App. Crim. Juris. (Thomson, J.) May 18 and 20, 1950]

[Perak — Criminal Appeal No. 13 of 1950]

Penal Code, s. 161 — Taking illegal gratification — Admissibility of evidence tending to show accused is guilty of criminal acts other than those charged — Evidence of accomplices.

In this case the appellant appealed against his conviction of offences of taking gratifications as a public servant in contravention of section 161 of the Penal Code. It was alleged that the appellant had obtained the sums of money from persons (\$100.00 from one person and \$200.00 from another person) who had been appointed under provision contracts to supply goods on credit to special constables, and it was alleged that the moneys were paid as illegal gratifications. At the trial evidence was given of the supply of goods and payments of other sums of money to the appellant by the persons concerned at the time when they were enjoying the benefit of the provision contract. The appellant in his defence admitted the receipt of the money and the goods but said that as to the sums of money they were loans which he intended to repay and as to the goods that he had always intended to pay for them.

Held, (1) that the evidence of the receipt of the goods and of the other sums of moneys, other than the two sums contained in the charges, were admissible as tending to show that the two payments were corrupt and as tending to rebut the defence open to the appellant; (2) that the learned trial Judge in this case realised the danger of convicting on the uncorroborated evidence of accomplices and on a review of the evidence, there was nothing to show that his decision to convict was unreasonable and one that cannot be supported from the evidence, and therefore the appeals must be dismissed.

Cases referred to :—

- (1) *Noor Mohamed v. Rex* (1949) 1 All E.R. 365.
- (2) *Abrahamovitch's case* 112 L.T. 480.
- (3) *Clayton-Wright's case* 33 Cr. App. R. 28.
- (4) *Rex v. Kritz* 33 Cr. App. R. 169.
- (5) *Makin v. Attorney-General for New South Wales* (1894) A.C. 57 at p. 65.
- (6) *Rex v. Bond* (1906) 2 K.B. 389 at p. 397.
- (7) *R. v. Geering* 18 L.J. (M.C.) 215.
- (8) *R. v. Armstrong* (1922) 2 K.B. 555.
- (9) *Shellaker's case* 9 Cr. App. R. 240.
- (10) *Trowell v. The Public Prosecutor* (1941) F.M.S.L.R. 77.
- (11) *Mohamed Yatin bin Abu Bakar v. Public Prosecutor* (1950) M.L.J. 57; 1 M.L.R. 7.
- (12) *Lawson v. Public Prosecutor* (1941) F.M.S.L.R. 156 at p. 161.
- (13) *R. v. Baskerville* (1916) 2 K.B. 658.
- (14) *Public Prosecutor v. Haji Ismail* (1939) F.M.S.L.R. 134 at p. 141.

(15) *Papa Kamalkhan v. The Emperor* I.L.R. (1935) Bom. 486.

(16) *Srinivas Mall v. Emperor* A.I.R. (1947) P.C. 135.

CRIMINAL APPEAL from the Sessions Court, Ipoh.

E. D. Shearn for the appellant.

E. N. Griffith-Jones for the respondent.

Cur. Adv. Vult.

Thomson, J. : — This appellant was convicted in the Sessions Court at Ipoh of three offences of taking gratifications as a public servant in contravention of section 161 of the Penal Code and against each of these convictions he appealed. The appeal was heard on 17th and 18th April, and at the conclusion of the hearing I dismissed the appeal against conviction on the third charge for reasons which I stated orally at the time and which I do not consider it necessary to recapitulate here. As regards the first and second convictions I took time to consider the matter and it is with these convictions only that I am now concerned.

These convictions were on the following charges :—

"1. That you, on or about the 9th March, 1949, at Bidor, being a public servant, to wit, a police officer, did accept for yourself the sum of One Hundred Dollars (\$100/-), not being legal remuneration, from one Kandiah as a motive for showing, in the exercise of your official functions as a police officer, favour to the said Kandiah in regard to the deduction from the salaries of Special Constables of sums owed by them to the said Kandiah for goods supplied, and that you did thereby commit an offence punishable under section 161 of the Penal Code.

2. That you, at or about the beginning of the month of May, 1949, at Bidor, being a public servant, to wit, a police officer, did accept for yourself the sum of Two Hundred Dollars (\$200/-), not being legal remuneration, from one Ooi Tiong Joo, as a motive for showing, in the exercise of your official functions as a police officer, favour to the said Ooi Tiong Joo in regard to the deduction from the salaries of Special Constables of sums owed by them to the said Ooi Tiong Joo for goods supplied, and that you did thereby commit an offence punishable under section 161 of the Penal Code."

The appellant at all material times was a Police Inspector stationed at Tapah, and the charges arose out of relations between him and two shokeepers at Bidor. Before considering the grounds of appeal which were argued before me by Mr. Shearn with his customary thoroughness and lucidity, it will be desirable to consider the history of these relations as it appeared from the evidence for the prosecution. That evidence, it should be made clear, in so far as it imputed criminality to the appellant, consisted entirely of the evidence of accomplices and that position was accepted throughout the trial in the Sessions Court and throughout the proceedings here.

In July, 1948, an arrangement was come to between the Police and Ooi Tiong Joo, who is the

person named in the second charge, whereby Ooi Tiong Joo was to supply provisions on credit to members of the newly embodied special constabulary stationed at Bidor up to a limit of \$50.00 a month for each man, and at the end of each month the sum owing would be deducted from the men's pay and handed to the supplier. I shall refer to that arrangement in the course of this judgment as "the provision contract". In December, 1948, the accused approached Ooi Tiong Joo and asked for a commission. Ooi Tiong Joo refused to pay this and about a week later was called to Tapah Police Station by the appellant who told him that there had been complaints to the effect that pork was used in sausages supplied by him, a matter which was calculated to cause offence to persons professing the Mohamedan religion.

Shortly after that interview the provision contract was taken from Ooi Tiong Joo and given to one Kandiah, who is the person named in the first charge. Kandiah continued to enjoy the benefit of the contract until the end of March, 1949. During that time he supplied the appellant from time to time with provisions to the value of about \$400.00 which were not paid for. On two occasions during that period he also paid the appellant sums of money. On 9th March, 1949, he paid him \$100.00 which is the payment that forms the basis of the first charge, and on 22nd March, 1949, he paid him \$25.00. As regards the payment of \$100.00 Kandiah said that he gave the money to the appellant because the appellant said that he was hard up and wanted \$100.00, and went on to say that he had given Kandiah the contract and Kandiah could not expect anything else from him. As regards the payment of \$25.00, Kandiah's evidence was silent as to the circumstances attending the payment.

On 24th March, 1949, Ooi Tiong Joo wrote a letter to the O.C.P.D., at Tapah asking that the provision contract should be restored to him. On 28th March, the O.C.P.D., endorsed upon this letter that the application was approved and from April, 1949, Ooi Tiong Joo again enjoyed the benefit of the contract which from the end of December, 1948, until the end of March, 1949, had been enjoyed by Kandiah.

A few days later, about 10th April, the appellant came to Ooi Tiong Joo's shop which he had not visited from December to March, and from then on Ooi Tiong Joo supplied him from time to time with provisions until August, 1949, the total value of these provisions, which were not paid for, being over \$200.00. Between April and August, 1949, Ooi Tiong Joo also paid the appellant two sums of money. He paid him

\$200.00 on the 3rd or 4th of May which is the payment which forms the subject matter of the second charge, and in June he paid him another \$100.00. As regards the first of these payments Ooi Tiong Joo said that he made it because the accused said that he was in need of money and had helped him in the matter of the special constables. As regards the payment of \$100.00 in June, the only evidence as to the circumstances attending it was that it was made immediately after the appellant had asked if he had collected his debts in respect of the special constables.

The appellant gave evidence on his own behalf. He admitted that he had received provisions from both the shopkeepers without payment and admitted that he had received the money payments described by them. He said, however, and this was his defence, that as regards the provisions he had always intended to pay for them and as regards the cash payments these were loans which he had asked for as loans and which he had every intention of repaying.

The learned President accepted the evidence of the two shopkeepers as evidence of truth and rejected the evidence of the appellant. He then proceeded on grounds which he has set out in very great detail to convict the appellant on both charges.

The grounds of appeal may be summarised under three main heads as follows:—

- (1) That the evidence of the supply of provisions to the appellant by the two shopkeepers and of payments to him by them other than the payments alleged in the charges themselves which was evidence of the commission of offences not charged against him was inadmissible, and was a source of grave prejudice to him;
- (2) That it was not proved that it was any part of the official functions of the appellant as a police officer to take part in the making of the provision contract and that therefore he should not have been convicted of taking money as a motive for showing favour in connection with it;
- (3) That the conviction was against the weight of the evidence and, in particular, that the learned President had lost sight of the standard of proof which should have been applied.

As regards the first of these grounds of appeal, the evidence complained of was not objected to by Counsel who appeared for the appellant in the Court below. If, however, it was wrongly admitted it goes

without saying that the appeal must succeed. It was evidence that was highly damaging to the accused, and it is clear from his grounds of judgment that the learned President was considerably influenced by it.

But was it wrongly admitted?

The general principle as to this type of evidence is contained in the following much quoted passage from the judgment of Lord Herschell, L.C., in the case of *Makin v. Attorney-General for New South Wales*⁽⁵⁾ :—

"It is undoubtedly not competent for the prosecution to adduce evidence tending to show that the accused has been guilty of criminal acts other than those covered by the indictment, for the purpose of leading to the conclusion that the accused is a person likely from his criminal conduct or character to have committed the offence for which he is being tried."

The reason for the exclusion of such evidence is to be found in the following passage from the judgment of Kennedy J. in the case of *Rex v. Bond*⁽⁶⁾ :—

"It may be laid down as a general rule in criminal as in civil cases that the evidence must be confined to the point in issue: When a prisoner is charged with an offence it is of the utmost importance to him that the facts laid before the jury should consist exclusively of the transaction which forms the subject of the indictment which alone he can be expected to come prepared to answer. It is therefore a general rule that the facts proved must be strictly relevant to the particular charge and have no reference to any conduct of the prisoner unconnected with such charge."

Such evidence therefore cannot be admitted unless it be relevant to the issues actually in contest and as to when it is so relevant, I would quote the following passage from the judgment of Lord Alverstone, C.J., in *Bond's* case (*supra* at page 394) :—

"Evidence tending to shew that the accused had been guilty of criminal acts other than those covered by the indictment cannot be given unless the acts sought to be proved are so connected with the offence charged as to form part of the evidence upon which it is proved: see *Reg. v. Rearden*; or are material to the question whether the acts alleged to constitute the crime were designed or accidental: see *Reg. v. Gray*; or to rebut a defence which would otherwise be open to the accused: see *Makin v. Attorney-General for New South Wales*."

To that statement of the law I would only add that where evidence tending to show that the accused has been guilty of other criminal acts is otherwise admissible, it is immaterial whether those acts precede or follow the particular act with which he stands charged (see *R. v. Geering*⁽⁷⁾ and *R. v. Armstrong*⁽⁸⁾).

Having so stated the law I proceed to remind myself of the existence of a class of cases where, in the words of Sir Rufus Isaacs, C.J., in *Shellaker's*⁽⁹⁾ case, "although the evidence is strictly admissible, it is of little value to the prosecution, but would indirectly so prejudice the fair and dispassionate trial of the prisoner that the judge would say that it ought not to be given", and of the following observations by Lord

Du Parcq in the case of *Noor Mohamed v. Rex*⁽ⁱ⁾ which have been accepted by the local Court of Appeal:—

"The Judge ought to consider whether the evidence which it is proposed to adduce is sufficiently substantial, having regard to the purpose to which it is professedly directed, to make it desirable in the interest of justice that it should be admitted. If, so far as that purpose is concerned, it can in the circumstances of the case have only trifling weight, the Judge will be right to exclude it. To say this is not to confuse weight with admissibility. The distinction is plain, but cases must occur in which it would be unjust to admit evidence of a character gravely prejudicial to the accused even though there may be some tenuous ground for holding it technically admissible. The decision must then be left to the discretion and the sense of fairness of the Judge."

In order to decide whether the evidence in question in this case is admissible by virtue of the law as stated by Lord Alverstone, it is necessary to consider what, if it were believed, it tended to prove. The answer to that question is to be found in the following passage from the grounds of judgment of the learned President:

"It is noteworthy that these goods and sums of money taken from these two shopkeepers were in fact taken from each of them only during the time that that particular shopkeeper was supplying the Special Constables and having the amounts due from them deducted from their pay at the pay parades."

The sting of the evidence lay in this, that it went to show a connection between the appellant's relations with the shopkeepers and the provision contract. The fact that the appellant received goods and money from the shopkeepers, which he himself freely admitted, was in itself perfectly neutral. It was as consistent with his innocence as with his guilt. But the fact, if it were proved, that he only received goods and money from each individual shopkeeper during the period in which that particular shopkeeper enjoyed the benefit of the contract was very relevant to the question of whether the relationship between him and the shopkeepers was an innocent one or a guilty one, and therefore relevant to the nature of the two transactions embodied in the charges which formed part of it. Whether it be regarded as evidence of one transaction of which the two payments involved in the charges formed part and so is evidence which helped to prove that these two payments were corrupt or whether it be regarded as evidence that rebutted the defence which was open to the appellant, and which is in fact his main defence, that the payments were innocent loans and not corrupt gifts is immaterial for in either event it was clearly admissible. And even if it did have the incidental effect of gravely prejudicing the appellant it could not be described as of little value or of trifling weight in proving the case against him.

With regard to the contention that it was not proved that it was any part of the official functions of the accused as a police officer to take part in the making or terminating of the provision contract, I do not think it is necessary to say more than that it was abundantly clear from the evidence that whoever had the final say in making and determining that contract it was a matter with which the appellant, by reason of his official position, was intimately connected. Moreover, the appellant himself in answer to his own counsel said:—

"I succeeded Mon as officer in charge of these contracts in December 1948, until June 1949."

And even if in fact the appellant had had nothing whatsoever to do with the granting of the contract he clearly both on the prosecution evidence and on his own admission gave the shopkeepers reason to believe that he was connected with it. That being so, the case would have fallen within Illustration (b) to the section of the Penal Code under which he was charged which reads as follows:—

"(b) A., a public servant, induces Z. erroneously to believe that A.'s influence with the Chairman of a Sanitary Board has obtained for Z. a contract to do work, and thus induces Z. to give A. money. A. has committed the offence defined in this section."

I come now to the question of whether the learned President misdirected himself as to the standard of proof which he should have applied to the matters before him. In this connection I would observe that he was in a difficult position. Had he expressed himself with great emphasis he would have laid himself open as in the case of *Trowell v. The Public Prosecutor*⁽¹⁰⁾ to the accusation that he had expressed himself in extravagant terms from which the inference might have been drawn that he had misdirected himself as to the very existence of some essential ingredient in the case. If, on the other hand, *cupiens vitare charybdin* he embarked on a careful and meticulous weighing of each piece of evidence it might be said that the question he asked himself was which story was to be believed and not whether the prosecution had proved their case beyond reasonable doubt.

On this question I do not desire to add anything to the observations of my brother Spenser-Wilkinson in the recent case of *Mohamed Yatin bin Abu Bakar v. Public Prosecutor*⁽¹¹⁾ with which I would respectfully express myself as being in agreement. Each case, however, has to be considered on its own merits. In the present case it is true that the learned President nowhere sets out in terms the principles by which he guided himself. He has not said in terms: "If I am to convict this man I must be satisfied beyond reasonable doubt as to the truth of the prosecution's story

and I must not convict if the evidence for the defence raises a reasonable doubt as to the truth of the prosecution case or as to the accused's guilt". I do not think, however, that the learned President was under any obligation to make any such statement in terms. As was said by Lord Goddard, C.J., in the case of *Rex v. Kritz*⁽⁴⁾ :—

"It would be a great misfortune, in criminal cases especially, if the accuracy or inaccuracy of a summing-up were to depend upon whether or not the Judge or the Chairman had used a particular formula of words. It is not the particular formula of words that matters; it is the effect of the summing-up. If the jury are charged whether in one set of words or in another and are made to understand that they have to be satisfied and must not return a verdict against a defendant unless they feel sure, and that the onus is all the time on the prosecution and not on the defence, then whether the learned Judge uses one form of language or whether he uses another is neither here or there."

In the present case the fact that the appellant had in fact received sums of money from the shopkeepers as alleged in the charges and as described in evidence by the shopkeepers themselves was never at any time in dispute. What was in dispute was whether these payments were made and received with a corrupt motive or whether they were made and received as loans. The learned President examined the evidence of the prosecution witnesses at great length and with scrupulous care and he reminded himself again and again that they were accomplices whose evidence was uncorroborated and so to be regarded with the greatest possible caution. He examined the evidence of the appellant with equal care and with what impressed me on reading his grounds of judgment as constant anxiety to discover whether there might not be something in it. At the close of his examination he stated that he believed the evidence of the shopkeepers and expressed himself as "satisfied" that the appellant's story that the sums of money paid to him were loans was untrue. In the circumstances he had no option but to convict.

Even, however, though there be no reason for saying that the learned President misdirected himself as to the standard of proof to be applied the matter is not wholly concluded in view of the case of *Lawson v. Public Prosecutor*⁽¹²⁾ to which my attention was invited by Mr. Shearn. That was a case where a Magistrate had convicted the appellant on the uncorroborated testimony of an accomplice after having given himself proper directions as to the caution with which such evidence should be treated. In the course of his judgment Carey, J., referred to the danger of convicting on the uncorroborated evidence of an accomplice and went on to observe in words closely resembling those of Lord Reading, C.J., in *R. v. Baskerville*⁽¹³⁾ :—

"Though the danger exists in such cases, if it is properly appreciated by a Magistrate or Judge sitting without a jury a conviction on such uncorroborated evidence will not be quashed by a Court of Appeal merely on the ground of lack of corroboration of the accomplice's evidence, but the Court of Appeal will review all the facts of the case and, if it thinks the verdict unreasonable or that it cannot be supported, having regard to the evidence, the Court will quash the conviction."

It might well be argued that these observations only apply to the present case with somewhat diminished force. The learned President in his grounds of judgment pointed out that the appellant was a police officer, and, as far as the shopkeepers believed, able to withdraw from them the benefit of the provision contract. In view of that he considered that their actions "showed only a very slight degree of complicity at the most". For taking that view he had of course considerable authority. As was said by Cussen, J., in the local case of *Public Prosecutor v. Haji Ismail*⁽¹⁴⁾ :—

"The same degree of moral turpitude does not attach to the person who gives a bribe on demand or threat as to a person who himself is the tempter and offers a bribe, though both alike are abettors."

and in the Indian case of *Papa Kamalkhan v. The Emperor*⁽¹⁵⁾, which was a case where a police officer was accused of taking bribes in contravention of section 161 of the Indian Penal Code, Beaumont, C.J., made the following observations which have recently been approved by the Privy Council in the case of *Srinivas Mall v. Emperor*⁽¹⁶⁾ :—

"In my opinion, the rule of the Court which requires corroboration of the evidence of an accomplice as against each accused, if it applies at all, applies with very little force to a case like the present, in which the accused is charged with extorting a bribe from other persons. The objections which usually arise to the evidence of an accomplice do not really apply where the alleged accomplice, that is, the person who pays the bribe, is not a willing participant in the offence, but is really a victim of that offence."

Nevertheless, I have considered the facts of this case with care. Having done so, I regret to have to say that I can find no grounds for saying that the learned President's judgment is unreasonable or cannot be supported with regard to the evidence. In this connection I do not consider it necessary to recapitulate the evidence in detail or to go through step by step the reasoning as a result of which the learned President arrived at his conclusions. Two things impressed me as being of conclusive importance. One of these was that the only reasonable, in fact the only possible, explanation of the shopkeepers telling the story they did tell was that it was true. If the sums of money which they paid were in fact paid by way of loan I can see no reason why they should not have said so. To say that these sums were paid as corrupt gifts not only incriminated the witnesses as being guilty of abetment of a serious offence but, and this would probably

weigh even more with persons of their class, it precluded them from recovering the money they had paid. The second point that impressed me, and it also impressed the learned President, was that although the appellant admitted the receipt of the sums of money mentioned in the charges and though he also admitted the receipt of the other sums of money in question and the supply of provisions without payment (whether or not there was ever an intention to pay is irrelevant) he offered no explanation as to why none of these payments were made and none of these provisions were supplied except at a time when the shopkeeper concerned was enjoying the benefit of the provision contract. Strictly speaking there was of course no onus lying upon him to explain that concatenation of circumstances, but if he admitted its existence and yet was content to allow it to remain unexplained he cannot complain that the inference was drawn that there was a connection between the payments to him and the provision contract which went materially to support the evidence of the shopkeepers as to the nature of the relations between him and them.

In all the circumstances of the case I have no hesitation in dismissing the appeal. I would only add an expression of appreciation of the great care taken by the learned President in dealing with the case in his grounds of judgment.

Appeal dismissed.

**TAN KHIAM WAH v. CHONG FONG YEEN
AND ANOR.**

[Orig. Civ. Juris. (Taylor, J.) June 19, 1950]

[Kuala Lumpur — Civil Suit No. 201 of 1949]

Debtor and Creditor (Occupation Period) Ordinance, 1948 — Principles — Section 6 — Debt not expressed in occupation currency — Debt incurred after 12th August, 1945.

In this case the plaintiff claims repayment of a loan made to the defendant. It was alleged that late in August 1945 the plaintiff received the sum of \$200,000 in Japanese currency and handed the defendant a promissory note for \$10,000 Straits payable on the 1st of March, 1946, and also deposited a land title as collateral security. The plaintiff claimed repayment of the sum of \$10,000. The defendant pleaded (a) that the loan was usurious and should be reopened under the Usurious Loans Enactment (b) that the debt was invalidated by the proviso to section 6 of the Debtor and Creditor (Occupation Period) Ordinance, 1948.

Held, (1) that on the facts the parties were on equal terms and the transaction was not usurious; (2) that an occupation debt incurred after 12th August, 1945, if expressed to be payable otherwise than in occupation currency, is not invalidated by the Debtor and Creditor (Occupation Period) Ordinance, 1948.

Principles of the Debtor and Creditor (Occupation Period) Ordinance, 1948, stated.

An occupation debt incurred after 12th August, 1945, if expressed to be payable otherwise than in occupation currency, is not invalidated.

CIVIL SUIT.

T. Rajendra for the plaintiff.

B. J. P. Joaquim and *M. N. Cumarasami* for the defendants.

Cur. Adv. Vult.

Taylor, J. : — This case concerns another "Occupation debt".

The plaintiff is the manager of a dispensary; the first defendant is a miner and the second is his wife, who joined in the transaction but as she has the same interest I will treat them for the purposes of this judgment as one person.

The background of the suit is this. For nearly four years Malaya struggled with an inconvertible or "printing press" currency, depending entirely on the credit of the Japanese Government which necessarily fluctuated with their fortune in the war. They had a financial policy which might be described as "controlled inflation". It worked for a time but as the war progressed and their spectacular early successes were seen not to be leading to ultimate victory they gradually lost control and the inflation became fantastic — a situation comparable to that of Germany in 1919.

The position just before the Japanese surrendered was this; their credit had gone and their currency was almost valueless but it was still legal tender.

A shopkeeper who had obtained an advance from his bank in July, 1942 when the inflation was slight, and thereby acquired a stock of goods on which he had traded for three years, could sell the remnants in July, 1945 and pay off his overdraft. In terms of goods it meant this — a man who had bought a suit of clothes on credit in 1942, and worn them out, could sell a set of second-hand buttons in 1945 for sufficient cash to settle the tailor's bill.

On liberation the Malayan Governments were faced with the problem of adjusting the results of that period of progressive inflation. They took the three obvious steps of re-establishing a currency based on sterling, proclaiming a moratorium on all occupation dealings and devising a statutory scale of rates, analogous to rates of exchange, fixing the value in post-war money, which the Japanese currency is deemed to have had at various dates.

The Debtor and Creditor (Occupation Period) Ordinance is designed primarily to provide a means of adjusting two types of transaction namely, those in